

Chapter 13 Questions

1. Draw and identify the parts of the business cycle. Explain in detail where and how employment/unemployment changes in relation to the business cycle. **(6 points)**
2. Explain deflation and its impact on the economy in detail **(2 points)**
3. Some people have argued that the reported unemployment rate actually understates the extent of unemployment. Explain this reasoning and provide 2 examples for support. **(2 points)**
4. Draw two graphs. The first illustrating **demand-pull inflation** and the second illustrating **cost-push inflation**. Underneath each graph describe what is happening and how inflation occurs. **(6 points)**